

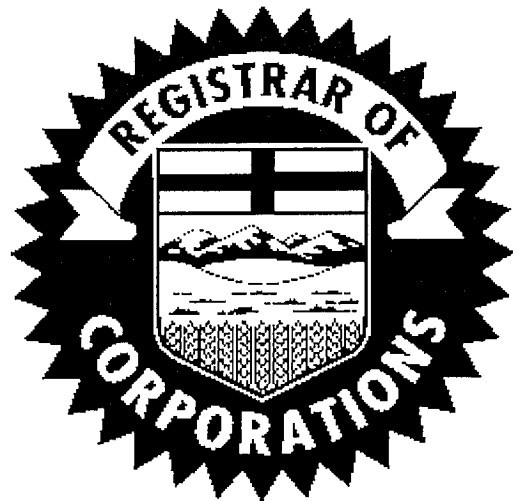
CORPORATE ACCESS NUMBER: 2014845271

Alberta

BUSINESS CORPORATIONS ACT

**CERTIFICATE
OF
AMALGAMATION**

**PROFOUND ENERGY INC.
IS THE RESULT OF AN AMALGAMATION FILED ON 2009/08/13.**



BUSINESS CORPORATIONS ACT

Alberta

Articles of Amalgamation

1. Name of Amalgamated Corporation

PROFOUND ENERGY INC.

2. The classes of shares, and any maximum number of shares that the corporation is authorized to issue:

The attached Schedules of Share Capital and Series Provisions are incorporated into and form part of this form.

3. Restrictions on share transfers (if any):

None.

4. Number, or minimum and maximum number of directors:

Not less than 1 director and not more than 7 directors.


5. If the corporation is restricted FROM carrying on a certain business or restricted TO carrying on a certain business, specify the restriction(s):

None.

6. Other provisions (if any):

None.

| 7. Name of Amalgamating Corporations | Corporate Access Number |
|--------------------------------------|-------------------------|
| Profound Energy Inc. | 2013910076 |
| 1463072 Alberta Ltd. | 2014630723 |

| | | |
|--------------------------------|--|-----------------------|
| 4. DATE August 13, 2009 | SIGNATURE  | TITLE DIRECTOR |
|--------------------------------|--|-----------------------|

SCHEDULE OF SHARE CAPITAL

RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS OF SHARE CAPITAL OF PROFOUND ENERGY INC.

The authorized capital of Profound Energy Inc. (the "**Corporation**") shall consist of: (a) one class of shares, to be designated as "Common Shares", in an unlimited number; and (b) one class of shares, to be designated as "Preferred Shares", issuable in series, in an unlimited number, which shares shall have the following rights, privileges, restrictions and conditions:

COMMON SHARES

The Common Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

- (i) the right to one vote at all meetings of shareholders of the Corporation, except meetings at which only holders of a specified class of shares are entitled to vote;
- (ii) subject to the prior rights and privileges attaching to any other class of shares of the Corporation, the right to receive any dividend declared by the Corporation; and
- (iii) subject to the prior rights and privileges attaching to any other class of shares of the Corporation, the right to receive the remaining property and assets of the Corporation upon dissolution.

PREFERRED SHARES

The Preferred Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

- (i) the Preferred Shares may at any time and from time to time be issued in one or more series, each series to consist of such number of shares as may, before the issue thereof, be determined by resolution of the directors of the Corporation; and
- (ii) subject to the provisions of the *Business Corporations Act* (Alberta), the directors of the Corporation may by resolution fix from time to time before the issue thereof the designation, rights, privileges, restrictions and conditions attaching to each series of the Preferred Shares.

SCHEDULE OF SERIES PROVISIONS

The first series shall be "Series 1 Preferred Shares", in an unlimited number, and the second series shall be "Series 2 Preferred Shares", in an unlimited number, which shares shall have the following rights, privileges, restrictions and conditions:

SERIES 1 PREFERRED SHARES

Voting

1. The holders of the Series 1 Preferred Shares shall not be entitled (except as expressly provided in the *Business Corporation Act* (Alberta)) to receive notice of or to attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at such meeting.

Dividends

2. The holders of the Series 1 Preferred Shares shall be entitled to rank ahead of the holders of the common shares of the Corporation (the "**Common Shares**") as to dividends. The Series 1 Preferred Shares shall be entitled to a non-cumulative dividend, as and when declared by the board of directors of the Corporation (the "**Board of Directors**"), at a rate per annum on the Redemption Amount (as hereinafter defined) per Series 1 Preferred Share determined at the time of declaration by the Board of Directors, subject to a maximum rate of 10% per annum. The Series 1 Preferred Shares shall not be entitled to participate any further with respect to dividends except to the extent hereinbefore provided.
3. No dividend shall be declared or paid on any class of shares of the Corporation if it would result in the realizable value of the assets of the Corporation, net of liabilities which exist at the relevant time, being less than the aggregate of the Redemption Amounts of all of the issued and outstanding Series 1 Preferred Shares.

Liquidation, Dissolution or Winding-up

4. In the event of a liquidation, dissolution or winding up of the Corporation or any other distribution by way of repayment of capital, the holders of the Series 1 Preferred Shares shall be entitled to receive an amount equal to the Redemption Amount per share together with any declared but unpaid dividends prior to any payment or distribution to any other class of shares of the Corporation. The Series 1 Preferred Shares shall not be entitled to share any further in the distribution of the property or assets of the Corporation except to the extent hereinbefore provided.

Redemption

5. The Series 1 Preferred Shares, or any part thereof, shall be subject to redemption or purchase, at an amount equivalent to the Redemption Amount per share plus any declared but unpaid dividends, at any time, at the option of the Board of Directors, without the

consent of the holders thereof, and if less than the whole of the outstanding Series 1 Preferred Shares shall be so redeemed or purchased, the shares to be redeemed or purchased and the date for Redemption (the "**Redemption Date**") shall be selected in such manner as the Board of Directors may determine. The Corporation shall, on the Redemption Date, redeem or purchase such Series 1 Preferred Shares by paying to the registered holder an amount equivalent to the Redemption Amount per share for each Series 1 Preferred Share being redeemed or purchased plus all declared but unpaid dividends thereon. Such payment shall be made by electronic wire transfer or cheque payable at par at any branch of the Corporation's bankers for the time being in Canada or by other property having a value equivalent (as determined by resolution of the Board of Directors) to the Redemption Amount. The said Series 1 Preferred Shares shall be redeemed or purchased on the Redemption Date and from and after that date such shares shall cease to be entitled to dividends, and the holders thereof shall not be entitled to exercise any of the rights of the holders of Series 1 Preferred Shares in respect thereof, unless payment of the Redemption Amount plus any declared but unpaid dividends is not paid on the Redemption Date in which event the rights of the holders of the said Series 1 Preferred Shares shall remain unaffected.

6. The "**Redemption Amount**" with respect to each Series 1 Preferred Share shall be an amount determined by a resolution of the Board of Directors provided that the said Redemption Amount shall be fixed by the Board of Directors prior to the issuance of any of the said Series 1 Preferred Shares.

Retraction

7. A registered holder of the Series 1 Preferred Shares shall be entitled to require the Corporation to redeem or purchase at any time all or any of the Series 1 Preferred Shares registered in the name of such holder on the books of the Corporation by tendering to the Corporation at its registered office the share certificate or certificates representing the Series 1 Preferred Shares which the registered holder desires to have the Corporation redeem or purchase, together with the request in writing specifying that the registered holder desires to have the said Series 1 Preferred Shares represented by such certificate or certificates redeemed or purchased by the Corporation, and stating the business day (hereinafter called the "**Retraction Date**") on which the holder desires to have the Corporation redeem or purchase such shares. Upon receipt of a share certificate or certificates representing the Series 1 Preferred Shares which the registered holder desires to have the Corporation redeem or purchase, together with such a request, the Corporation shall, on the Retraction Date, redeem or purchase such Series 1 Preferred Shares by paying to the registered holder an amount equivalent to the Redemption Amount per share for each Series 1 Preferred Share being redeemed or purchased plus all declared but unpaid dividends thereon. Such payment shall be made by electronic wire transfer or cheque payable at par at any branch of the Corporation's bankers for the time being in Canada or by other property having a value equivalent (as determined by resolution of the Board of Directors) to the Redemption Amount. The said Series 1 Preferred Shares shall be redeemed or purchased on the Retraction Date and from and after that date such shares shall cease to be entitled to dividends, and the holders thereof shall not be entitled to exercise any of the rights of the holders of Series 1 Preferred Shares in respect thereof unless payment of the Redemption Amount plus any declared

but unpaid dividends is not paid on the Retraction Date in which event the rights of the holders of the said Series 1 Preferred Shares shall remain unaffected.

8. If the Corporation is not permitted, by insolvency provisions or other provisions of applicable law or the rights, privileges, restrictions and conditions attaching to any shares of the Corporation ranking prior to or on parity with the Series 1 Preferred Shares to redeem or purchase all the Series 1 Preferred Shares duly tendered by a holder thereof pursuant to paragraph 7, the Corporation shall redeem only the maximum number of Series 1 Preferred Shares (rounded to the next lower multiple of 1,000 shares) which the Board of Directors determine the Corporation is then permitted to redeem or purchase. Such redemption or purchase will be made pro rata (disregarding fractions of shares) from each holder of tendered Series 1 Preferred Shares according to the number of Series 1 Preferred Shares tendered for redemption or purchase by each such holder and the Corporation shall issue and deliver to each such holder, a new share certificate, at the expense of the Corporation, representing the Series 1 Preferred Shares not redeemed or purchased by the Corporation.
9. If the Board of Directors has acted in good faith in making the determination referred to in paragraph 8 as to the number of Series 1 Preferred Shares which the Corporation is permitted at any time to redeem or purchase, the Board of Directors and the Corporation shall have no liability in the event that any such determination proves inaccurate.

Specified Amount

10. The amount of each Series 1 Preferred Share specified for the purposes of subsection 191(4) of the *Income Tax Act* (Canada) is the amount determined by resolution of the Board of Directors at the time of issuance of such share. For greater certainty, such amount shall be a fixed dollar amount and such resolution of the Board of Directors shall be deemed to form part of these share terms.

Adjustment

11. The Redemption Amount determined under paragraph 6 shall be final and binding on the Corporation and all shareholders of the Corporation provided that if, at any time after the issuance of a Series 1 Preferred Share, for the purpose of administering the *Income Tax Act* (Canada) or similar provincial legislation and determining the income tax consequences, if any, relating to the issuance of such Series 1 Preferred Share, it is finally determined by a tribunal or a court of competent jurisdiction, or otherwise, that the consideration received by the Corporation on the issuance of such Series 1 Preferred Share was more or less than the Redemption Amount determined by the Board of Directors under paragraph 6, then the Redemption Amount shall conclusively be deemed to be and to have always been equal to the value of the consideration received by the Corporation on the issuance of such Series 1 Preferred Share as finally determined.

SERIES 2 PREFERRED SHARES

Voting

1. The holders of the Series 2 Preferred Shares shall not be entitled (except as expressly provided in the *Business Corporation Act* (Alberta)) to receive notice of or to attend any meeting of the shareholders of the Corporation and shall not be entitled to vote at such meeting.

Dividends

2. The holders of the Series 2 Preferred Shares shall not be entitled to receive any dividends thereon.

Redemption

3. (a) For the purpose of these Series 2 Preferred Shares, the following terms shall be defined as set forth below:

"**Amalgamation**" means the amalgamation of Profound and 1463072 Alberta Ltd. to form the Corporation;

"**Cash Alternative**" means \$1.34 per Series 2 Preferred Share;

"**Cash Electing Shareholders**" means those Profound Shareholders having delivered to Valiant, on or before the Election Deadline, a duly completed Letter of Transmittal and Election Form electing to receive Redemption Consideration in the form of the Cash Alternative;

"**Consideration Alternative**" means the Cash Alternative, the Unit Alternative, or any combination thereof;

"**Election Deadline**" means 5:00 p.m. (Calgary time) on August 12, 2009, or such other time as may from time to time be specified by the Profound;

"**Letter of Transmittal and Election Form**" means the letter of transmittal and election form delivered to Profound Shareholders in connection with the special meeting of Profound Shareholders held on August 13, 2009 and required to be completed by registered holders of Profound Common Shares on or prior to the Election Deadline;

"**Maximum Redemption Cash Consideration**" means \$5,901,000;

"**Maximum Redemption Unit Consideration**" means 4,140,501 PET Units;

"**PET**" means Paramount Energy Trust;

"**PET Unit**" means a trust unit of PET;

"**Profound**" means Profound Energy Inc.;

"**Profound Common Shares**" means the common shares in the capital of Profound issued and outstanding immediately prior to the Amalgamation;

"**Profound Shareholder**" means a holder of Profound Common Shares immediately prior to the Amalgamation;

"**Redemption Consideration**" means the consideration payable upon redemption of the Series 2 Preferred Shares, being (a) \$1.34 in cash per Series 2 Preferred Share, (b) 0.394 of a PET Unit per Series 2 Preferred Share, or (c) any combination thereof, subject, in each case, to pro ration as set forth in the terms of these Series 2 Preferred Shares;

"**Unit Alternative**" means 0.394 of a PET Unit per Series 2 Preferred Share;

"**Unit Electing Shareholders**" means those Profound Shareholders (i) having delivered to Valiant, on or before the Election Deadline, a duly completed Letter of Transmittal and Election Form electing to receive Redemption Consideration in the form of the Unit Alternative, and (ii) not having delivered to Valiant, on or before the Election Deadline, a duly completed Letter of Transmittal and Election Form; and

"**Valiant**" means Valiant Trust Company.

- (b) The Corporation shall, subject to the requirements of the *Business Corporation Act* (Alberta), as of 11:59 p.m. (Calgary time) on the day the Amalgamation becomes effective (the "**Time of Redemption**") redeem all of the Series 2 Preferred Shares in accordance with the provisions of this Section 3. Except as hereinafter provided, no notice of redemption or other act or formality on the part of the Corporation shall be required to call the Series 2 Preferred Shares for redemption.
- (c) At the Time of Redemption, all Series 2 Preferred Shares held by Cash Electing Shareholders shall be redeemed and such Cash Electing Shareholders shall receive Redemption Consideration in the amount of \$1.34 in cash per Series 2 Preferred Share held by such Cash Electing Shareholders, provided that if the aggregate cash consideration that would be payable by the Corporation to Cash Electing Shareholders in respect of the redemption of their Series 2 Preferred Shares at the Time of Redemption exceeds the Maximum Redemption Cash Consideration, then the Maximum Redemption Cash Consideration will be prorated among the Cash Electing Shareholders such that each Cash Electing Shareholder will receive an amount equal to the amount of the cash sought by such Cash Electing Shareholder multiplied by a fraction, the numerator of which is the Maximum Redemption Cash Consideration and the denominator of which is the aggregate amount of the cash consideration sought by all Cash Electing Shareholders, and each such Cash Electing Shareholder will receive the balance of the consideration to which it is entitled in the form of a number of PET Units calculated by dividing such balance by \$3.40, rounded down to the nearest whole

number (with cash paid in lieu of any fractional PET Unit on the basis of \$3.40 per PET Unit).

- (d) At the Time of Redemption, all Series 2 Preferred Shares held by Unit Electing Shareholders shall be redeemed and such Unit Electing Shareholders shall receive Redemption Consideration in the amount of 0.394 of a PET Unit per Series 2 Preferred Share held by such Unit Electing Shareholders, provided that if the number of PET Units that would be issuable by the Corporation to Unit Electing Shareholders in respect of the redemption of their Series 2 Preferred Shares at the Time of Redemption exceeds the Maximum Redemption Unit Consideration, then the Maximum Redemption Unit Consideration will be prorated among the Unit Electing Shareholders such that each Unit Electing Shareholder will receive a number of PET Units equal to the number of PET Units sought by such Unit Electing Shareholder multiplied by a fraction (rounded to four decimal places), the numerator of which is the Maximum Redemption Unit Consideration and the denominator of which is the aggregate number of PET Units sought (or deemed to be sought) by all Unit Electing Shareholders, rounded down to the nearest whole number (with cash paid in lieu of any fractional PET Units on the basis of \$3.40 per PET Unit), and each such Unit Electing Shareholder will receive the balance of the consideration to which it is entitled in cash, calculated by multiplying the number of PET Units to which they were otherwise entitled but did not receive by \$3.40 (rounded down to the nearest \$0.01).
- (e) For the purposes of the calculation of the aggregate Redemption Consideration, if any Profound Shareholder elects more than one Consideration Alternative, such Profound Shareholder will be considered as a separate Profound Shareholder with respect to each Consideration Alternative elected. Any cash paid in lieu of fractional PET Units shall be in addition to and shall not reduce the Maximum Redemption Cash Consideration.
- (f) As soon as practicable following the Time of Redemption and the calculation of the aggregate Redemption Consideration, and in any event within five days of the Time of Redemption, the Corporation shall deliver or cause to be delivered to Valiant, at its principal office in the City of Calgary, the cash and PET Units comprising the aggregate Redemption Consideration. Delivery of the aggregate Redemption Consideration in such a manner shall be a full and complete discharge of the Corporation's obligation to deliver the Redemption Consideration to the holders of Series 2 Preferred Shares.
- (g) From and after the Time of Redemption and subject to the receipt of the aggregate Redemption Consideration in the manner contemplated by paragraph (e) above (i) Valiant shall pay and deliver or cause to be paid and delivered to the order of the respective holders of the Series 2 Preferred Shares, by way of cheque and certificates evidencing the applicable PET Units, on presentation and surrender at the principal office of Valiant in the City of Calgary or the City of Toronto of the certificates representing the Profound Common Shares, the Redemption Consideration (after deduction for any applicable withholding taxes required by law) payable and deliverable to such holders, respectively, and (ii) the holders of

Series 2 Preferred Shares shall not be entitled to exercise any of the rights of shareholders in respect thereof and shall be entitled only to receive the Redemption Consideration (after deduction for any applicable withholding taxes required by law) therefor, provided that if payment of the Redemption Consideration to Valiant for the Series 2 Preferred Shares is not duly made by or on behalf of the Corporation in accordance with paragraph (e) above, then the rights of such holders shall remain unaffected.

- (h) From the Time of Redemption, the Series 2 Preferred Shares in respect of which deposit of the Redemption Consideration (after deduction for any applicable withholding taxes required by law) is made to Valiant shall be deemed to be redeemed and cancelled, the Corporation shall be fully and completely discharged from its obligations with respect to the payment of the Redemption Consideration (after deduction for any applicable withholding taxes required by law) to such holders of Series 2 Preferred Shares, and the rights of such holders shall be limited to receiving Redemption Consideration (after deduction for any applicable withholding taxes required by law) payable to them on presentation and surrender of the said certificates held by them respectively as specified above. Subject to the requirements of law with respect to unclaimed property, if applicable, if the Redemption Consideration (after deduction for any applicable withholding taxes required by law) has not been fully paid to holders Series 2 Preferred Shares in accordance with the provisions hereof prior to the fifth anniversary of the Time of Redemption, the Redemption Consideration shall be forfeited to the Corporation or any successor thereof and holders of Series 2 Preferred Shares shall cease to have any rights to such funds.

Liquidation

4. In the event of the liquidation or winding-up of the Corporation or any other distribution of the property or assets of the Corporation among its shareholders for the purpose of winding-up its affairs, and subject to the extinguishment of the rights of holders of Series 2 Preferred Shares upon payment of the Redemption Consideration, the holders of Series 2 Preferred Shares shall be entitled to receive and the Corporation shall pay to such holders, before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of Common Shares or any other class of shares ranking junior to the Series 2 Preferred Shares as to such entitlement, an amount equal to the Redemption Consideration for each Series 2 Preferred Share held by them respectively and no more. After payment to the holders of the Series 2 Preferred Shares of the amounts so payable to them as hereinbefore provided, they shall not be entitled to share in any further distribution of the property or assets of the Corporation.

Specified Amount

5. The amount of each Series 2 Preferred Share specified for the purposes of subsection 191(4) of the *Income Tax Act* (Canada) is the amount determined by resolution of the Board of Directors at the time of issuance of such share. For greater certainty, such amount shall be a fixed dollar amount and such resolution of the Board of Directors shall be deemed to form part of these share terms.